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Merchants and the Wage and Hour Law

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In the spring of 1939 the chamber of commerce in a southern city adopted a resolution condemning the Federal Wage and Hour Law. The resolution said it would ruin business.

Less than a year later, the same chamber of commerce adopted a resolution endorsing the Wage and Hour Law and opposing any movement to repeal or drastically amend it.

What had happened in the meantime? Simply this—the members of the chamber, most of whom were retail merchants, had discovered that they were among the principal beneficiaries of the law.

To the Nation's merchants, new and better customers are to be found among the 1,000,000 workers who have had their wages raised as a result of the Wage and Hour Law. Hundreds of thousands of these workers had received less than 25 cents an hour before the law became effective in October 1938. Some had been working for as little as $4 or $5 a week. Nearly twice as many were receiving less than 30 cents an hour, which became the minimum wage under the law in October 1939. By March 1, 1941, wage orders issued for many industries, including textiles and apparel, had raised the wages of over half a million employees to between 30 and 40 cents an hour. A great many workers are now receiving at least twice as much for a week's work as they were paid only 2 or 3 years ago.

This has a direct bearing on the turn-over of the retail merchant. Wage increases given those at the bottom of the economic ladder are immediately transformed into retail sales. Money does not lie idle in the pockets of men and women who have to support families on $60 or $70 a month. It beats a quick path across a store counter in exchange for more and better food and clothing, house furnishings, and the small comforts of life. Whenever the low-paid worker receives a wage increase, somewhere a merchant's cash register jingles.

This is not just theory. A large cigar factory was forced to make restitution of $75,000 in back wages to some 3,000 of its workers when it was found to have violated the Wage and Hour Law. The next day a Wage and Hour inspector found the company's employees crowding into the city's stores and coming out with packages under their arms. The merchants were highly gratified. "It's just like Christmas, only better," they said.

A study made by the National Resources Committee shows that in 1935–36 one-third of all the families in the country had annual incomes of less than $780. In this group, family expenditures for food could average no more than 6 cents per person per meal.

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Even then, few of them could break even. To live, they had to spend 17 percent more than their income—$7 for every $6 they took in. That extra dollar had to come from meager savings, from friends, from loan companies, or from grocers or other merchants who extended them credit and "got stuck." Through this hidden subsidy, the Nation's merchants have been helping to support those employers who failed to pay a living wage.

Raising the wages of the Nation's low-income workers, even by a nickel or a dime an hour, brings millions of extra dollars to the cash registers of the grocer, butcher, baker, clothier, and dry goods merchant. It also helps fill up that gap in his profits which, every year, he has to label, "bad debts."

Note.—The Wage and Hour Law requires that workers employed in interstate commerce or in the production of goods for interstate commerce must be paid not less than 30 cents an hour until October 24, 1945 (unless previously raised upward toward 40 cents by industry wage orders) and 40 cents an hour after that date. Since October 24, 1940, they may not be worked longer than 40 hours a week without the payment of time and a half for overtime. For a year before that date, time and a half had to be paid after 42 hours a week.

Workers employed in a local retail or service establishment, the greater part of whose selling or servicing is in intrastate commerce, are exempt by statute. If a retail establishment also does some wholesaling, however, some of its employees may be covered by the act.

If in doubt about the status of your own employees under this law, talk to any Wage and Hour inspector, write to the Wage and Hour Division, United States Department of Labor, Washington, D. C., or to any of the Division's regional or branch offices listed below.

Wage and Hour Field Offices

Atlanta, Ga., Witt Building, 249 Peachtree Street.
Baltimore, Md., 606 Snow Building.
Birmingham, Ala., 1007 Comer Building, 2d Avenue and 21st Street.
Boston, Mass., 304 Walker Building, 120 Boylston Street.
Buffalo, N. Y., Pearl and Swan Streets.
Charleston, W. Va., 805 Peoples Building.
Charlotte, N. C., 221 Post Office Building.
Chicago, Ill., 1200 Merchandise Mart, 222 West North Bank Drive.
Cincinnati, Ohio, 1312 Traction Building.
Cleveland, Ohio, 728 Standard Building, 1370 Ontario Street.

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Columbia, S. C., Federal Land Bank Building, Hampton and Marion Streets.
Columbus, Ohio, 211 Rowlands Building.
Dallas, Tex., 824 Santa Fe Building, 1114 Commerce Street.
Denver, Colo., 300 Chamber of Commerce Building.
Des Moines, Iowa, 227 Old Federal Building.
Detroit, Mich., 348 Federal Building.
Honolulu, T. H., 345 Federal Building.
Houston, Tex., 605 Federal Office Building.
Indianapolis, Ind., 108 East Washington Street.
Jackson, Miss., 402 Deposit Guaranty Bank Building.
Jacksonville, Fla., 456 New Post Office Building.
Kansas City, Mo., 504 Title and Trust Building, 10th and Walnut Streets.
Little Rock, Ark., 333 State Capitol Building.
Los Angeles, Calif., 417 H. W. Hellman Building.
Louisville, Ky., 1106 Republic Boulevard.
Manchester, N. H., 227 Post Office Building.
Milwaukee, Wis., 298 Federal Building.
Minneapolis, Minn., 406 Pence Building, 730 Hennepin Avenue.
Nashville, Tenn., Medical Arts Building, 119 7th Avenue North.
Newark, N. J., 1004 Kinney Building, 790 Broad Street.
New Orleans, La., 1512 Pere Marquette Building.
New York, N. Y., 30th Street and 9th Avenue, Parcel Post Building.
Oklahoma City, Okla., 523 Federal Building.
Pawtucket, R. I., 214 Post Office Building.
Peoria, Ill., 342 Post Office Building.
Philadelphia, Pa., 1216 Widener Building, Chestnut and Juniper Streets.
Pittsburgh, Pa., 219 Old Post Office Building.
Portland, Maine, 309 Federal Building, 76 Pearl Street.
Portland, Oreg., 315 Customhouse.
Raleigh, N. C., 507 Raleigh Building, Hargett and Fayetteville Streets.
Richmond, Va., 215 Richmond Trust Building, 627 East Main Street.
Salt Lake City, Utah, 207 Boston Building.
San Antonio, Tex., 583 Federal Building.
San Francisco, Calif., 785 Market Street.
San Juan, Puerto Rico, Box 112 Post Office.
Seattle, Wash., 305 Post Office Building.
Spokane, Wash., 228 Hutton Building.
St. Louis, Mo., 100 Old Federal Building.
St. Paul, Minn., 137 State Office Building.
Worcester, Mass., 503 Federal Building.

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